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ALASKA ECONOMIC TRENDS

Alaska Department of Labor Steve Cowper, Governor, State of Alaska

Unemployment Compensation—Cushioning the Blow

Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Unemployment Compensation

By Mike Hurst

The Employment Security Act, passed in 1937, provides working men and women with protection against loss of income during periods of unemployment. It provides unemployment benefits (unemployment compensation) to employees who have lost their jobs. Its purpose is to assist workers in maintaining some purchasing power during times when they are unemployed and to help stabilize the economy.

This article examines unemployment benefits in Alaska that were paid during Federal Fiscal Year (FFY) 1986 (October 1, 1985 – September 30, 1986). It will identify benefits paid by program, by census area and region, by industry, by industries within regions, and payments made to persons in Alaska (intrastate) or outside of Alaska (interstate).

Since 1937 the system has undergone numerous changes and has grown tremendously in size. In 1937, $238,000 was paid in unemployment benefits. During the year between October 1, 1985 and September 30, 1986, Alaska paid $157.4 million to more than 67,000 unemployed persons, the highest amount in history.

Programs

Unemployment compensation is paid through a variety of programs (Table 1) which vary from state to state and from year to year. In FFY 1986, there were four programs paying benefits in Alaska—regular unemployment insurance (UI), extended benefits (EB), state supplemental benefits (SSB), and state interim benefits (SIB). In addition,there are special federal programs to pay benefits to ex-federal employees (UCFE) and ex-military employees (UCX).

Regular benefits and state supplemental benefits are funded by employer and employee contributions through taxes assessed or through direct reimbursements. Half of extended benefits are paid by employer and employee contributions, half by the U.S. Government. State interim benefits are paid out of Alaska's General Fund.

Regular unemployment insurance (UI) has been the main program in Alaska and nationwide since 1937. Regular UI accounted for 88% of all benefit dollars paid. In FFY 1986, 55,369 persons collected $137.8 million for 878,238 weeks of unemployment. The average recipient received $158.47 per week in regular benefits, for 15.9 weeks (table 1).

Extended benefits (EB) are available to recipients who exhaust their

eligibility for regular benefits during periods when the rate of unemployment is higher than a specified rate. In FFY 1986, $16.1 million was paid to more than 16,000 persons. The amount paid per week was about the same as for regular benefits. The average duration was 6.3 weeks because claimants are only eligible for half as many weeks of benefits for EB as for regular benefits, and because interstate claimants are generally eligible for only two weeks of benefits.

State supplemental benefits (SSB) are virtually the same as extended benefits, but are available only to claimants declared ineligible for EB because of federal income requirements. In FFY 1986, 725 persons received $466,556 in state supplemental benefits. The average weekly benefit was $96.98.

State interim benefits (SIB) are paid to school employees (except administrators and certificated teachers) during periods between sessions. Over 1,700 persons received SIB during FFY 1986, for a total of more than two million dollars.

Total benefits of all programs increased by 18.3% between 1985 and 1986, as more unemployed received benefits for longer periods. However, if adjustments are made for the Federal Supplemental Compensation program, total benefits paid increased by a much greater amount. (The Federal Supplemental Compensation program was a federally funded program in effect between October, 1982 and April, 1985 which provided additional payments after regular benefits had been exhausted and extended benefits had been exhausted or an extended benefit period was not in effect.)

Included in the overall total are payments from the Federal Supplemental Compensation program, which expired March 31, 1985 and which paid almost seven million dollars in 1985 but almost nothing in 1986. If these payments are subtracted from the total, total benefits paid in all the other programs increased by 24.9%.

Between FFY 1985 and 1986, regular benefits paid increased 21.9% while state interim benefits paid increased 21.8%. Extended benefits and state supplemental benefits paid increased by 56.3% and 59.9% respectively, mostly because of longer periods of high unemployment rates. In addition to these four programs, five million dollars was paid to ex-federal and ex-military employees in FFY 1986, an increase of 9.6% over 1985.

In FFY 1986, the Alaska portion of benefits paid to former employees of taxable businesses totalled $142 million, however, taxable contributions were only $83.9 million. The difference came out of the Unemployment Insurance Trust Fund balance, the account which handles benefits and disbursements. If this trend continues, the fund

could be in trouble. There will be a special article on the Trust Fund in a future issue of *Alaska Economic Trends*.

Payments by Area

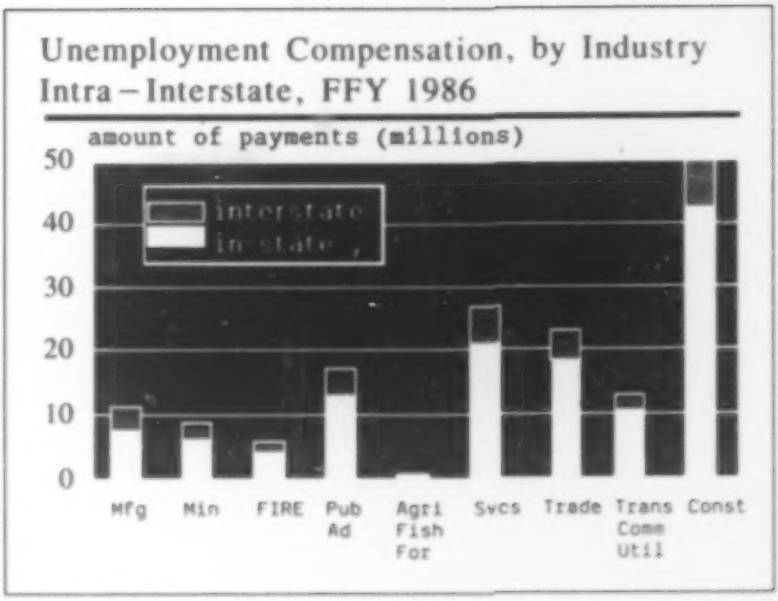
Distribution of benefits by area did not change significantly in FFY 1986 (Table 2). Interstate claimants and claimants from the Southeast Region received slightly smaller shares of total benefits than they received in 1985, while those from the Gulf Coast and Interior regions received slightly greater shares.

Unemployment compensation paid to claimants in Alaska (intrastate) was $125 million in FFY 1986, an increase of 21.8% from 1985, and 79.4% of total benefits. Every region of the state paid more benefits to more claimants in 1986, although the growth rates varied from region to region (Table 2). The Gulf Coast Region, with the greatest growth rate, received $17.1 million in benefits in 1986, an increase of 40.2% over 1985. Kenai Peninsula Borough's increase of 55.9% overshadowed the modest increases in Valdez-Cordova and in Kodiak. The Southwest Region, with the lowest growth rate, received $3.4 million in 1986, a modest 5.3% increase over 1985. The largest area, Bethel, received 3.5% less in benefits, offsetting increases in the other areas.

The Southeast Region also had large differences between areas. The $15.5 million received in total benefits was 12.2% higher than in 1985. Juneau, however, recieved 29.2% more in total benefits (mostly due to increases in the construction and services industries) while improvements in the paper products and lumber and wood products industries helped reduce payments in Ketchikan by 2% and produced declines in benefits in other rural areas as well.

The Anchorage-Matsu Region received the most in unemployment benefits in 1986—$58.3 million, an increase of 23%, of which $45.1 million was paid in the Anchorage Borough alone. Anchorage-Matsu accounted for 46.7% of benefits paid in Alaska and 37.1% of total benefits. These percentages are practically unchanged from 1985, indicating that the shift of payments to this region that occurred in FFY 1985 may have ended.

The North Slope Borough had the highest weekly benefit amount, $183.97 for regular benefits, while Kodiak Island Borough had the lowest, $123.34. The longest average duration of regular benefits, 17.6 weeks, was also in the North Slope Borough (but matched by interstate claimants) while the shortest average duration, 11.7 weeks, was in the Aleutian Islands.



Payments by Industry

In the past fiscal year, unemployment benefits increased in every major industry group except manufacturing and transportation, communication, and utilities (tables 3 and 4). This is not surprising given the current economic conditions in Alaska. It is interesting, however, to see the significant increases in benefits attributed to normally stable industries such as trade, services, and finance, and the tremendous growth in payments to former employees in oil and gas mining.

Total benefits paid to claimants from the manufacturing industry declined by 3.2% in FFY 1986 from FFY 1985, while those in transportation, communications, and utilities declined by 6.7%. The decline in benefits paid to manufacturing was led by declines of 10.9% in the food products industry and 26.7% in paper products.

For all other industries, total benefits were higher in 1986 than in 1985. The greatest growth in benefits was in the oil and gas industry, where benefits paid were more than twice as much in 1986 overall—95.5% more to claimants in Alaska, 177.1% more to claimants outside of Alaska.

Other industries which showed significant growth in benefits paid were trade (34.9% more), services (28.2% more), finance, insurance, and real estate (24.6% more), and public administration (10.2% more). Claimants in the construction industry also received 12.2% more in benefits in 1986, of which claimants in Alaska received 14.9% more, while those outside of Alaska received 1.1% less.

The construction industry accounted for 31.6% of all unemployment benefits, $49.5 million, the most for any industry. Following construction was services ($26.8 million, 17.2% of total benefits), trade ($22.9 million, 14.7%), and public administration ($17.1 million, 10.9%). The construction industry also accounted for the greatest amount of benefits in every region except the Southwest region, where services and public administration were higher, and in the Northern region, where former employees in public administration received the most.

On the other hand, claimants in the Anchorage-MatSu region received the most benefits in FFY 1986 in every industry except manufacturing. The greatest proportion of benefits to former employees in the manufacturing industry went out of state, and to the Southeast Region. Interstate claimants and claimants in the Gulf Coast Region received the most benefits going to food products workers.

Interstate Payments

Interstate payments are payments to persons who reside outside of Alaska, but who previously worked in Alaska and are now receiving payments from Alaska (Table 4). Interstate payments were $32.3 million in Federal Fiscal Year (FFY) 1986, an increase of 13.4% from 1985. Interstate payments accounted for 20.5% of total benefits paid (see Table 2). About half of all interstate dollars are sent to Washington, Oregon, or California.

The frequently asked question is, Which industries account for the most interstate payments? or, What is their relative share of interstate payments? The construction industry had the largest share of interstate payments in FFY 1986, 22.6%, followed by services (17.6%), trade (14.7%), public administration (12.4%), and manufacturing (10.9%).

Some industries had a larger share of interstate payments in FFY 1986 than they had in 1985. The most significant were services increasing from 16.5% to 17.6%, trade from 11.8% to 14.7%, and oil and gas from 2.7% to 6.6%.

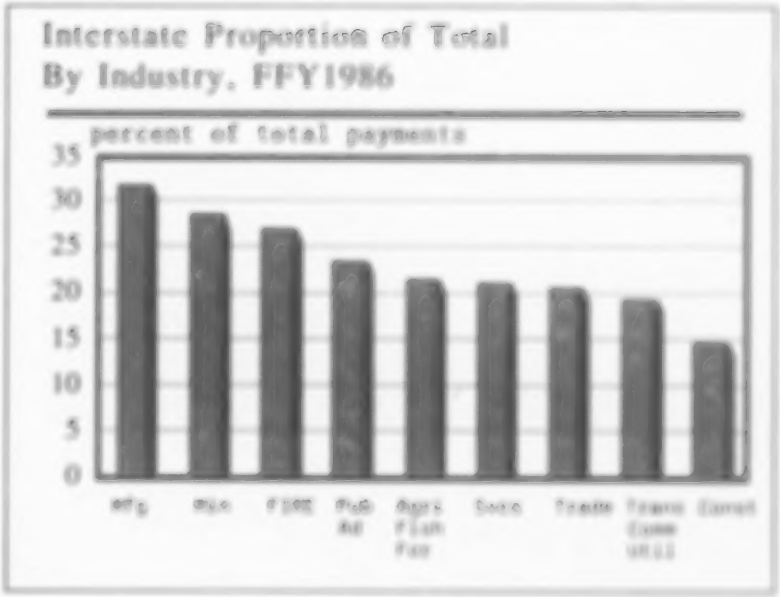
Industries that had a smaller share of interstate payments in FFY 1986 than they had in 1985 were construction decreasing from 26.0% to 22.6%, transportation, communications, and utilities from 9.3% to 7.8%, and food products from 10.1% to 6.8%.

Relative shares can be misleading when examining the characteristics of a particular industry. One important statistic is the proportion of total benefits attributed to an industry that are paid to out-of-state claimants (interstate percent of total benefits). For instance, the construction industry accounted for the greatest percentage of total interstate benefits, 22.6%, however, only 14.8% of total benefits attributed to the construction industry were interstate benefits, the smallest proportion of any industry. This proportion declined from 16.4% in 1985.

On the other end, of total benefits to former workers in the food products industry (primarily seafood processing), 42.5% were paid to out-of-state claimants in FFY 1986, the largest proportion of any industry. This proportion also declined, from 49.2% in 1985.

The interstate percent of total benefits increased in FFY 1986 in several industries, most notably trade from 19.1% to 20.7%, paper products from 12.3% to 18.4%, and oil and gas mining from 22.0% to 29.5%.

The average interstate claimant received $262.36 per week in regular benefits in FFY 1986, about $35.00 more per week than the average claimant in Alaska. This average is an increase of 7.2% over 1985, and reflects primarily the increased interstate shares of the services and mining industries, and the predominant share of the construc-



Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 10/86	R/ 9/86	10/85	P/ 10/86	R/ 9/86	10/85	P/ 10/86	R/ 9/86	10/85
Mining	1105.92	1154.19	1203.68	48.0	50.6	50.3	23.04	22.81	23.93
Construction	1055.63	1115.45	1119.87	42.6	44.6	46.7	24.78	25.01	23.98
Manufacturing	509.67	421.20	568.72	40.1	35.1	38.9	12.71	12.00	14.62
Food & Kindred Prod	249.84	244.75	305.84	33.9	28.1	29.1	7.37	8.71	10.51
Lumber & Paper Prod	743.71	711.33	744.72	48.8	50.2	47.8	15.24	14.17	15.58
Trans., Comm. & Utilities	561.14	546.84	607.45	36.7	36.0	37.8	15.29	15.19	16.07
Trade	359.90	371.30	389.94	32.6	32.8	33.3	11.04	11.32	11.71
Wholesale	480.13	479.54	544.28	36.1	34.4	36.9	13.30	13.94	14.75
Retail	320.36	333.98	335.36	31.5	32.3	32.0	10.17	10.34	10.48
Finance-Ins. & R.E.	402.87	381.62	413.47	34.7	33.3	35.4	11.61	11.46	11.68

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES. Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours

P/ Denotes preliminary estimates
R/ Denotes revised Estimates

Note: The tables do not give comparable results because the source of the data and methodology of calculating benefits differ. Questions should be directed to the Alaska Department of Labor, Research and Analysis' UI unit.

Table 1
Unemployment Compensation for Program, Federal Fiscal Year 199

	Amount of Payments	Change 97/98 ($)	Weeks Paid	Change 97/98 ($)	Paid Recipients	Change 97/98 ($)	Paid Recipients	Change 97/98 ($)	Paid 1-yr Paid	Average Weekly Benefit	Average Duration
Regular UI	$ 27,941,722	11.9%	638,238	10.5%	51,304	9.0%	28,229	14.7%	12.1%	$ 99.07	17.6
Extended Benefits	$ 47,922	56.5%	1,178	46.7%	43	34.1%	1,267	52.3%	47.5%	1,137.00	17.1
Cost Supplemental Benefits	442,500	12.6%	8,850	12.9%	729	14.1%	288	71.4%	48.3%	50.00	15.4
Cost Sharing Benefits	$ 1,224,229	11.4%	24,484	10.1%	1,748	11.6%	4,138	33.8	33.8	49.1	17.1
Total UI Programs	$30,308,373	12.1%	668,961	10.5%	53,824	9.4%	34,252	14.1%	47.5%	$ 45.31	17.6

SOURCE: ETA 5 130 Claims and Payment Activities Report

1/ Includes Federal Supplemental Compensation, which expired 3/31/95

Note: Benefit Payments do not include payments to workers in two Alaska employers (ATSC, AFSC) due to a court ordered payments for weeks previously paid.

Table 2:
Unemployment Compensation by Area

	Amount of Payments /1			Number of Recipients /1			Average Duration /2		Average Weekly Benefit Amount /2	
	FFY 1985 No.	FFY 1986 No.	Change 85-86 (Pct.)	FFY 1985 No.	FFY 1986 No.	Change 85-86 (Pct.)	FFY 1986 (weeks)	Change 85-86 (Pct.)	FFY 1986	Change 85-86 (Pct.)
Anch.-MatSu Region	$47,429,509	$58,328,765	23.0%	20,810	23,884	14.8%	15.1	-0.1%	$160.84	2.1%
Anchorage Borough	36,265,977	45,136,911	24.5%	16,314	18,835	15.5%	15.0	0.2%	160.92	2.0%
MatSu Borough	11,163,532	13,191,854	18.2%	4,496	5,049	12.3%	15.7	0.4%	160.58	2.1%
Gulf Coast Region	12,238,897	17,159,661	40.2%	5,803	7,284	25.5%	15.4	1.1%	146.29	4.8%
Kenai Peninsula Bor.	8,487,256	13,235,618	55.9%	3,961	5,412	36.6%	15.6	3.7%	151.09	5.2%
Kodiak Island Bor.	1,943,261	1,977,686	1.8%	1,081	1,044	-3.4%	15.1	2.1%	123.34	1.7%
Valdez-Cordova	1,808,380	1,946,357	7.6%	761	828	8.8%	14.9	-8.9%	143.64	-1.2%
Interior Region	20,011,025	25,184,439	25.9%	8,518	9,989	17.3%	15.3	3.4%	157.64	1.1%
Fairbanks North Star Borough	16,554,582	21,493,236	29.8%	7,051	8,434	19.6%	15.2	4.1%	161.24	0.5%
Southeast Fairbanks	1,275,763	1,583,147	24.1%	526	589	12.0%	16.3	-0.6%	143.69	2.4%
Yukon-Koyukuk	2,180,680	2,108,056	-3.3%	941	966	2.7%	15.6	1.4%	135.29	0.9%
Northern Region	3,378,791	3,916,973	15.9%	1,482	1,666	12.4%	15.7	8.9%	151.28	0.7%
Kobuk	1,026,793	1,199,155	16.8%	472	537	13.8%	15.2	4.2%	142.47	0.7%
Nome	1,408,876	1,748,300	24.1%	616	719	16.7%	15.4	2.1%	142.45	3.3%
North Slope Borough	943,122	969,518	2.8%	394	410	4.1%	17.6	-40.4%	163.97	1.7%
Southeast Region	13,831,266	15,501,872	12.1%	7,092	7,467	5.3%	14.5	0.5%	146.57	2.9%
Haines Borough	514,998	556,282	8.0%	225	242	7.6%	15.6	5.8%	144.42	2.3%
Juneau Borough	4,290,067	5,542,079	29.2%	2,201	2,524	14.7%	15.1	-6.9%	150.92	3.9%
Ketchikan Gateway Borough	3,175,400	3,113,259	-2.0%	1,641	1,519	-7.4%	14.5	9.8%	142.56	0.8%
Prince of Wales-Outer Ketchikan	1,495,525	1,666,122	11.4%	721	811	12.5%	14.8	4.0%	139.73	5.1%
Sitka Borough	1,472,898	1,716,200	16.5%	878	950	8.2%	12.9	14.0%	150.89	-0.2%
Skagway-Yakutat-Angoon	1,127,572	1,112,703	-1.3%	548	556	1.5%	14.2	-12.7%	130.24	5.6%
Wrangell-Petersburg	1,754,806	1,795,227	2.3%	878	865	-1.5%	14.4	-6.9%	145.50	3.7%
Southwest Region	3,183,066	3,352,366	5.3%	1,579	1,724	9.2%	14.3	-5.8%	126.90	-0.2%
Aleutian Islands	209,873	275,610	31.3%	125	174	39.2%	11.7	-9.9%	130.76	1.6%
Bethel	1,605,402	1,548,516	-3.5%	789	820	3.9%	15.0	3.2%	124.18	1.8%
Bristol Bay Borough	130,876	160,591	22.7%	67	65	-3.0%	17.5	16.5%	133.84	0.4%
Dillingham	539,566	638,977	18.4%	246	302	22.8%	14.1	-13.1%	135.86	-0.6%
Wade Hampton	697,349	728,682	4.5%	352	363	3.1%	14.6	7.1%	123.38	2.3%
Area Unknown	2,601,675	1,582,272	-39.2%	1,224	707	-42.2%	14.0	23.9%	158.29	1.6%
In-State Total	102,674,429	125,026,348	21.8%	46,508	52,721	13.4%	15.1	1.8%	152.82	2.4%
Interstate Total	30,285,488	32,347,072	6.8%	14,215	14,422	1.5%	17.6	1.2%	162.36	-7.2%
Grand Total	$132,959,917	$157,373,420	18.4%	60,723	67,143	10.6%	15.6	1.3%	$156.29	3.3%

SOURCE: Alaska Department of Labor, 1985-1986, RESP 8003, Claimant Characteristics Tape.
Alaska Department of Labor, 1985-1986, UC-217 report, Benefit Payments by Industry and Area.

1/ Benefit payments include payments from the Regular UI, Extended Benefits, Federal Supplemental Compensation, and State Supplemental Benefits programs, and include payments to ex-federal and ex-military employees (UCFE, UCX). State Interim Benefits are excluded.

2/ Average duration and weekly benefit amounts are for the Regular UI program only.

tion industry—industries with high weekly benefit amounts—combined with the declining relative share of the lower paid manufacturing industries.

The average interstate claimant also received payments for 17.6 weeks in FFY 1986, about 2.5 weeks longer than the average claimant in Alaska. This has been the normal case since 1972, when the limits on potential duration for interstate claimants were removed.

Summary

Unemployment insurance benefits were significantly higher in almost every industry and area during the fiscal year between October 1, 1985 and September 30, 1986. Upon closer examination, we can see two interesting trends.

First, there were some unusually large increases in benefits paid to former employees of normally stable industries. The huge increase in benefits in the oil and gas industry was expected with the plunge in the price of oil last year; however, there appears to be a spin-off to other industries. Some of these, such as equipment rental and leasing services, are closely tied to the oil industry, while others such as finance, insurance, and real estate point to an overall decline in demand in the Alaska economy.

Second, the nature of interstate benefit payments (benefits paid to out-of-work persons now claiming benefits from another state) appears to be changing. While the total amount of benefits increased in FFY 1986, the increase for interstate benefits was smaller than for intrastate (in-state) benefits. While the interstate benefits increased, the proportion of total benefits that went out of state was smaller than in 1985. This has been the trend for the past few years.

Also, the distribution of interstate payments has shifted. Industries that traditionally have more seasonal migratory workers, such as construction and manufacturing, had declines in total interstate benefits, in their share of total interstate benefits, and in the interstate proportion of total benefits within those industries. Industries that have traditionally been more stable (less unemployed) showed increases in all three catagories.

These results suggest an increase in outmigration from Alaska, but it is also likely that Alaska is less attractive to those coming up during the construction and fishing seasons to seek their fortunes. If the trend continues, we may see some flattening out within a year or two.

Table 4
Unemployment Compensation by Industry and Area
Federal Fiscal Year 1986

	Northern		Interior		Southwest
	Amount Paid	% Change 85-86	Amount Paid	% Change 85-86	Amount Paid
Agricultural, Forestry and Fisheries	$3,465	-42.0	$41,611	12.9	$6,622
Mining	191,187	12.6	732,786	76.5	48,038
Oil and Gas	73,514	43.8	421,071	100.2	30,439
Other Mining	117,628	29.8	311,715	52.4	17,599
Construction	624,832	6.5	10,984,428	9.5	493,055
Manufacturing	20,094	10.1	573,565	27.5	271,273
Food Products	14,873	192.0	72,677	37.3	240,066
Lumber and Wood	4,316	-32.3	73,481	6.5	2,184
Paper Products	0	0.0	9,675	25.0	0
Other Mfg	905	85.7	417,732	65.7	29,023
Trans, Comm, & Utilities	182,544	29.8	1,770,467	11.0	311,810
Trade	260,987	27.1	3,652,509	58.3	285,746
Finance-Ins. & R.E.	238,059	156.2	499,137	33.5	150,029
Services	830,636	27.1	4,537,245	44.8	911,642
Public Admin	1,354,277	36.4	2,585,255	2.5	857,572
Unclassified	16,840	33.5	173,499	22.3	36,091
Total	$3,928,871	16.7	$25,550,702	19.3	$3,371,878

	In-State Total			Out-of-State Total
	Amount Paid	% Change 85-86	% of Total	Amount Paid
Agriculture, Forestry and Fisheries	$551,781	28.8	0.4	$152,105
Mining	6,160,467	76.5	4.9	2,464,417
Oil and Gas	5,317,041	95.5	4.3	2,122,905
Other Mining	843,426	9.4	0.7	341,512
Construction	42,192,018	14.9	33.9	7,314,519
Manufacturing	7,576,850	2.2	6.1	3,550,554
Food Products	2,988,695	1.0	2.4	2,207,929
Lumber and Wood	1,882,664	4.9	1.5	797,786
Paper Products	750,298	31.7	0.6	168,763
Other Mfg	1,955,193	42.1	1.6	376,076
Trans, Comm, & Utilities	10,370,485	7.1	8.3	2,509,698
Trade	18,236,721	33.4	14.6	4,752,518
Finance-Ins. & R.E.	4,161,343	24.7	3.3	1,553,455
Services	21,181,309	30.1	17.0	5,715,522
Public Admin	13,084,463	9.5	10.5	4,034,849
Unclassified	978,995	10.8	0.8	275,147
Total	$124,494,432	16.2	100.0	$32,322,784

SOURCE: Alaska Department of Labor, 1984-1985 RESP 8003, Claimant Characteristics

Anchorage/MatSu			Gulf Coast			Southeast		
% Change 85-86	Amount Paid	% Change 85-86	Amount Paid	% Change 85-86		Amount Paid	% Change 85-86	
433.6	$244,904	67.0	$59,908	-33.7		$189,071	38.4	
68.4	3,223,455	68.0	1,855,468	132.1		109,583	-1.4	
40.9	2,940,557	79.6	1,793,932	139.7		57,528	11.5	
154.3	282,898	0.6	61,536	20.3		52,055	-12.6	
-3.8	20,223,652	13.7	5,906,396	33.9		3,759,655	22.0	
-12.3	1,939,002	10.6	1,834,324	16.9		2,938,592	-11.3	
-17.7	335,333	-29.3	1,549,837	15.1		775,909	7.0	
-70.2	347,950	-2.4	102,802	52.9		1,351,931	8.3	
0	30,940	-23.3	14,736	45.2		694,947	-31.8	
186.9	1,224,779	38.3	166,949	29.1		115,805	21.4	
-15.7	5,093,638	-14.3	1,181,529	17.8		1,830,497	14.6	
33.6	9,915,014	27.1	2,279,915	45.5		1,842,550	16.5	
-5.0	2,385,699	18.2	356,143	12.3		532,276	41.3	
11.4	10,432,677	26.9	2,317,422	33.9		2,151,687	25.2	
-9.0	4,795,581	8.8	1,089,501	21.5		2,402,277	2.5	
30.7	475,150	1.9	174,753	66.7		102,662	-12.9	
4.5	$58,728,772	16.4	$17,055,359	36.6		$15,858,850	10.3	

Grand Total						
% Change 85-86	% of Total	Amount Paid	% Change 85-86	% of Total	% In-State	% Out-of-State
36.7	0.5	$703,886	30.4	0.4	78.4	21.6
123.7	7.6	8,624,884	87.8	5.5	71.4	28.6
177.1	6.6	7,439,946	113.4	4.7	71.5	28.5
1.8	1.1	1,184,938	7.1	0.8	71.2	28.8
-1.1	22.6	49,506,537	12.2	31.6	85.2	14.8
-13.0	11.0	11,127,404	-3.2	7.1	68.1	31.9
-23.1	6.8	5,196,624	-10.9	3.3	57.5	42.5
1.7	2.5	2,680,450	-3.0	1.7	70.2	29.8
9.5	0.5	919,061	-26.7	0.6	81.6	18.4
38.3	1.2	2,331,269	41.4	1.5	83.9	16.1
-4.9	7.8	12,880,183	-6.7	8.2	80.5	19.5
41.3	14.7	22,989,239	34.9	14.7	79.3	20.7
24.5	4.8	5,714,798	24.6	3.6	72.8	27.2
21.5	17.7	26,896,831	28.2	17.2	78.8	21.2
12.4	12.5	17,119,312	10.2	10.9	76.4	23.6
8.9	0.9	1,254,142	10.4	0.8	78.1	21.9
13.5	100.0	$156,817,216	15.7	100.0	79.4	20.6

Tape

Alaska

By Edward Eboch

Income Maintenance Programs

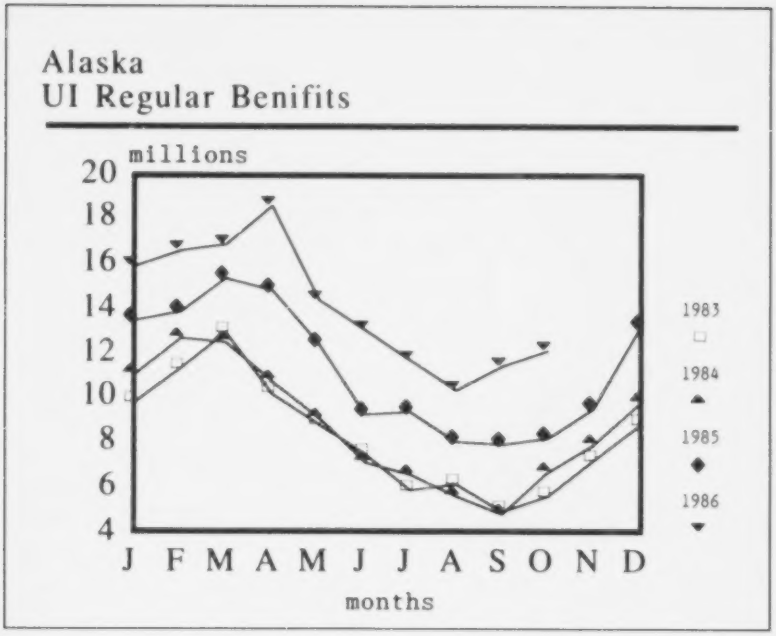
Low oil prices continue to impact Alaska's spending and employment as well as the future of the state. Statewide unemployment rates (11.0% in November) are the highest since the end of the pipeline boom. Employment is currently 4-5% below last year, and while the price of oil seems to be firming at this writing, the increases will not be enough to prevent additional employment losses across the state. During this time the income enhancement programs will help soften the blow of lost employment.

Income protection and income enhancement programs help cushion the economy during seasonal swings and economic downturns. One important program in Alaska is the unemployment insurance (UI) program. How important are unemployment insurance benefits, as well as other income maintenance programs, in helping to stabilize a community's economy or the states economy?

The article about unemployment compensation in this publication discusses in detail unemployment benefit payments by industry, census area and region. This article will try to highlight the importance of the unemployment insurance program, as well as some other income maintenance programs, to Alaska. For example, the importance of unemployment benefits in 1984, as a percent of 1984 total personal income, for each census area is indicated in Table 1. Also shown is the impact of other income maintenance programs such as food stamps, aid to families with dependent children, and other programs.

In 1984, a relatively good year with growing employment, UI payments represented 1.1% of total personal income in Alaska, but up to over 2.5% in some census areas. From 1984 to 1986 the amounts paid increased as employment increased. The amounts paid are a result of seasonal employment (construction, mining, and fishing), structural changes in the economy, and changes in the UI programs.

The current amounts paid and the number of recipients of UI benefits are an indication of economic hard times. While we do not have current personal income data, regular UI benefits for the first six months have increased from 2.06% in 1984 to 2.48% in 1985 to 3.13% in 1986 as a percent of nonagricultural wages and salaries. The seasonal importance of the UI program can be seen in Graph 1. The peak months for benefit payments (late winter) are as much as twice the low months



(late summer). These payments offset the periods of greatest unemployment.

Other income maintenance programs also contribute to the economy in difficult times, nearly 1% to the state's total personal income and an even greater share in some census areas. These other income maintenance programs contributed over 5% of personal income to the Aleutian Islands, Yukon-Koyukuk, and Kobuk and nearly 10% to the Wade Hampton census area.

According to Alaska's Department of Health and Social Services, Division of Public Assistance, the aid to families with dependent children and food stamp programs are up over 30% in number of participants and payments since the 1984 fiscal year and are projected to increase by over 10% this next fiscal year.

With difficult economic times ahead these income maintenance programs will make an important contribution to the income of individuals and to the support of local economies in Alaska.

Alaska Income Maintenance Benefit Payments
1984

	Personal Income (thous)	UI Benefits (thous)	Other Programs (thous)	Percent of Personal Income		1985 UI Benefits/1 (thous)
				UI	Other Programs	
Alaska Statewide	$8770900	$96404	$79765	1.10	0.91	$105341
Anch-MatSu Region	4769500	39408	30577	0.83	0.64	50460
Anchorage Borough	4349100	31290	28018	0.72	0.64	39057
MatSu Borough	420400	8118	2559	1.93	0.61	11403
Gulf Coast Region	823600	14404	6899	1.75	0.81	12487
Kenai Peninsula Bor	499500	10115	4387	2.03	0.88	8612
Kodiak Island Bor	174000	1933	1339	1.11	0.77	2034
Valdez-Cordova	150100	2356	973	1.57	0.65	1841
Interior Region	1454300	20234	14354	1.39	0.99	21439
Fairbanks North Star Borough	1293100	16427	8651	1.27	0.66	17246
Southeast Fairbanks	79800	1395	1296	1.75	1.62	1940
Yukon-Koyukuk	81400	2412	4507	2.96	5.54	2235
Northern Region	268900	3304	7660	1.23	2.85	3366
Kobuk	59600	1260	3069	2.11	5.15	1018
Nome	96000	1399	3659	1.46	3.81	1422
North Slope Borough	113300	645	932	0.57	0.82	926
Southeast Region	1109400	15436	7149	1.39	0.64	14378
Haines Borough	32300	772	242	2.39	0.75	554
Juneau Borough	505300	4012	2195	0.79	0.43	4432
Ketchikan Gateway Borough	232100	3022	2049	1.30	0.88	3352
Prince of Wales-Outer Ketchikan	63100	2123	619	3.36	0.98	1484
Sitka Borough	119700	1756	559	1.47	0.47	1548
Skagway-Yakutat-Angoon	56400	1414	652	2.51	1.16	1172
Wrangell-Petersburg	100500	2337	833	2.33	0.83	1836
Southwest Region	345000	3620	13326	1.05	3.86	3226
Aleutian Islands	119300	445	460	0.37	0.39	212
Bethel	113800	1684	7806	1.48	6.86	1614
Bristol Bay Borough	23200	207	207	0.89	0.89	135
Dillingham	54600	475	1477	0.87	2.71	554
Wade Hampton	34100	809	3376	2.37	9.90	711

Source: Personal Income for Counties and Metropolitan Areas, U.S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis, April 1986.

1/ See lead article this publication.

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 11/86	R/ 10/86	11/85	P/ 11/86	R/ 10/86	11/85	P/ 11/86	R/ 10/86	11/85	P/ 11/86	R/ 10/86	11/85

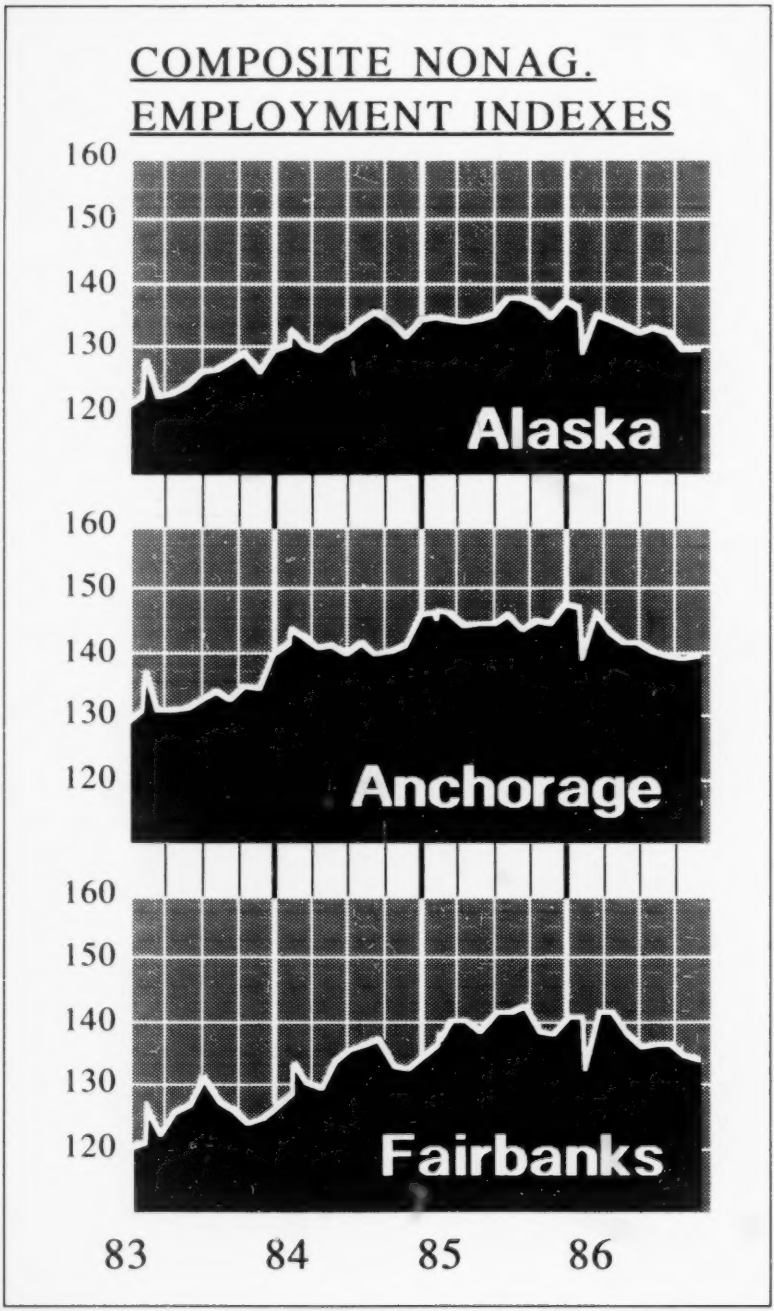
Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 11/86	r/ 10/86	11/85	Changes From: 10/86	Changes From: 11/85
Nonag. Wage & Salary	217700	224200	228900	-6500	-11200
Mining	7800	7800	9300	0	-1500
Construction	13700	16800	16900	-3100	-3200
Manufacturing	9800	10600	9100	-1200	200
Food & Kindred Prod	3400	4100	3500	-700	-100
Lumber & Paper Prod	2700	3100	2100	-400	600
All Other Mfg	3200	3300	3800	-100	-600
Trans. Comm. & Utilities	18400	18700	18600	-300	-200
Trucking & Wrhsing	2100	2100	2200	0	-100
Water Transportation	1200	1300	1200	-100	0
Air Transportation	6000	6000	6000	0	0
Other Trans. Comm. & Utilities	9100	9300	9200	-200	-100
Trade	48700	44700	47200	1000	1500
Wholesale	7700	7700	8500	0	-800
Retail	36000	37000	38700	-1000	-2700
Gen. Mer. & Apparel	5700	5600	5900	100	-200
Food Stores	6100	6400	6300	-300	-200
Eating & Drinking Pl.	12800	13300	13800	-500	-1000
Other Retail Trade	11400	11700	12700	-300	-1300
Finance Ins. & R.E.	12700	12800	12900	-100	-200
Services & Misc.	43100	43800	45100	-800	-2000
Government	69000	69000	69800	0	-800
Federal	18700	18100	17800	600	900
State	19600	20000	20700	-400	-1100
Local	30700	30900	31300	-200	-600

Prepared in cooperation with the U.S. Bureau of Labor Statistics.
Government includes teachers in primary and secondary schools and Personnel employed by the University of Alaska.

Benchmark Date: March 1985.

p/ Denotes Preliminary Estimates.
r/ Denotes Revised Estimates.

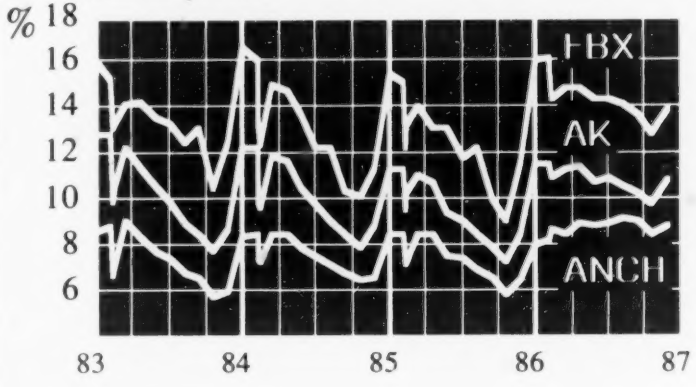


SEASONALLY ADJUSTED 1983 TO PRESENT

source: ak. dept. of labor

UNEMPLOYMENT RATE

not seasonally adjusted
1983 to present



Anchorage/MatSu

By Greg Huff

Employment Losses Gain Momentum

Anchorage nonagricultural wage and salary employment statistics for November show employment losses of over 6,000, a 5.2% drop from November 1985. This is the largest month-to-month decline of the year and marks another month in which the year-to-year declines have gained momentum. At year-end the annualized employment figures for 1986 may show a decline of nearly 4% from the peak levels of 1985. Four industries have been the primary contributors to the tailspin in Anchorage employment.

Graph 1 shows the percent change in employment for these industries. Construction was the first industry to experience declining employment. As early as 1984 construction activity started to slow and employment levels began declining—slowly at first then with increasing magnitude.

Anchorage Employment Trends for Selected Primary Industries

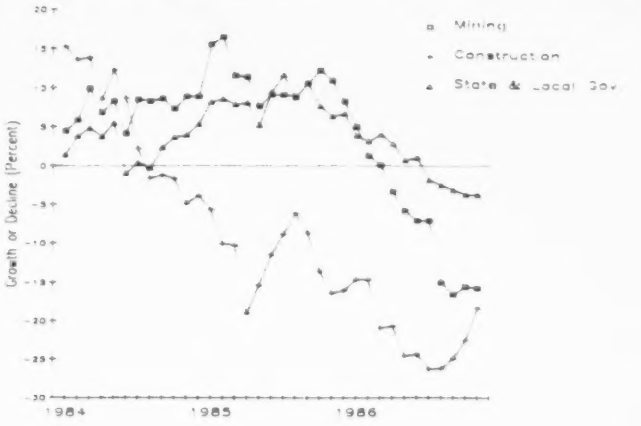


Table 3
Unemployment Compensation by Industry, FFY 86
Regular UI Benefits, Excluding Federal

	Intrastate			Interstate		
	Amount of Payments	Average Weekly Payment	Average Duration (weeks)	Amount of Payments	Average Weekly Payment	Average Duration (weeks)
Agricultural, Forestry, and Fisheries	494,195	$135.92	13.6	157,071	$150.74	14.1
Mining	5,409,475	180.09	14.7	2,222,679	190.04	16.4
Oil and Gas	4,668,443	182.70	14.8	1,887,565	192.04	16.1
Other Mining	741,032	165.19	14.2	335,114	179.49	18.3
Construction	35,245,359	177.02	15.7	7,361,997	181.65	18.0
Manufacturing	6,768,607	134.63	14.4	3,713,753	135.61	15.4
Food Products	2,547,833	102.62	15.2	2,257,214	120.82	15.0
Lumber and Wood	1,753,415	163.98	13.6	887,935	171.61	14.5
Paper Products	740,271	182.38	11.1	195,198	181.24	16.6
Other Mfg	1,727,088	161.49	15.1	373,406	152.29	21.0
Trans., Comm and Utilities	9,145,945	159.36	14.9	2,349,865	171.76	17.3
Trade	16,384,424	136.29	15.0	4,249,625	145.12	18.4
Finance, Insurance, and Real Estate	3,778,263	154.25	15.3	1,474,812	164.67	18.3
Services	18,992,734	141.84	14.7	5,333,804	158.35	18.6
Public Admin	8,887,539	149.13	15.3	2,490,966	173.50	18.3
Unclassified	637,278	127.43	16.2	186,277	139.64	20.5
Total	$105,743,819	$154.67	15.1	$29,540,849	$162.36	17.6

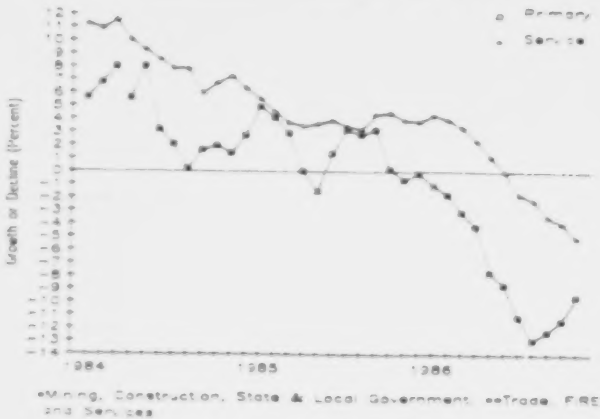
SOURCE: Alaska Department of Labor, UC-217 report, Benefit Payments by Industry and Area, Federal Fiscal Year 1986

Employment in the mining industry (primarily the oil and gas industry) began declining in early 1986 when major oil producers responded to rapidly falling oil prices by cutting back drilling and exploration activities. Employment among contractors providing or supporting those activities went into a tailspin, finally leveling out at around 85% of what it was in 1985.

As a result service-oriented industries providing goods or services to these industries, and government, began to experience employment losses by mid-1986 (Graph 2). Trade; finance, insurance and real estate; and services combined for employment declines of over 5% in November compared to the previous year.

Rapidly falling oil prices also sent state and local government employment into a decline by mid-1986. Since May, state and local government employment declines have been increasing. This employment reduction may be only the first in a series of adjustments to declining revenues. State government employment losses as a result of the shrinking state budget will be a determining factor in how the Anchorage economy performs in 1987.

Anchorage Employment Trends for Selected Primary Industries* and Service Oriented Industries**



*Mining, Construction, State & Local Government **Trade, FIRE and Services

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	p/ 11/86	r/ 10/86	11/85	Changes From: 10/86	11/85
Nonag. Wage & Salary	109400	111850	115450	-2450	-6050
Mining	3450	3500	4100	-50	-650
Construction	6650	7900	8150	-1250	-1500
Manufacturing	2500	2550	2650	-50	-150
Food & Kindred Prod	500	500	550	0	-50
Other Mfg	2000	2050	2100	-50	-100
Trans. Comm. & Utilities	9800	10150	9850	-350	-50
Trucking & Wrhsing	1200	1200	1200	0	0
Water Transportation	300	350	350	-50	-50
Air Transportation	3950	4150	3850	-200	100
Other Trans. Comm. & Utilities	4350	4450	4450	-100	-100
Trade	27100	27400	28900	-300	-1800
Wholesale	6100	6200	6500	-100	-400
Retail	21000	21200	22400	-200	-1400
Gen. Merchandise	2050	2050	2200	0	-150
Food Stores	3050	3100	3200	-50	-150
Eating & Drinking Pl.	8350	8500	8500	-150	-150
Other Retail Trade	7550	7550	8500	0	-950
Finance-Ins. & R.E.	8200	8350	8650	-150	-450
Services & Misc.	25350	25600	26350	-250	-1000
Government	26350	26400	26800	-50	-450
Federal	10000	9950	9800	50	200
State	7150	7200	7550	-50	-400
Local	9200	9250	9450	-50	-250

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	p/ 11/86	r/ 10/86	11/85	Changes From: 10/86	11/85
Nonag. Wage & Salary	117050	119650	123400	-2600	-6350
Mining	3450	3500	4100	-50	-650
Construction	7150	8600	8800	-1450	-1650
Manufacturing	2650	2700	2750	-50	-100
Trans. Comm. & Utilities	10600	10950	10550	-350	50
Trade	29000	29250	30850	-250	-1850
Finance-Ins. & R.E.	8700	8850	9150	-150	-450
Services & Misc.	26600	26900	27750	-300	-1150
Government	28900	28900	29450	0	-550

Fairbanks/Interior

By Neal Fried

1986 Beings New Economic Era

A new economic era began in Fairbanks in 1986. After five straight years of strong employment growth, Fairbanks' economy began to flounder. Employment declines signaled the end of the oil revenue fueled boom and the beginning of a new era characterized by employment losses followed by slow economic growth.

Year to year employment declines began in January and by the end of 1986 few industries were left untouched. Employment declines came so quickly that they caught most analysts off guard. Employment in Fairbanks had continued to grow through the last quarter of 1985 in almost every industry including construction, but construction employment did an about face in the first quarter 1986, plummeting 43% and pulling total employment below year-ago levels for the first time in six years.

As 1986 progressed, commercial and residential construction came to a virtual halt while public funded construction began to fall. Residential building permit data through October of 1986 indicates a two-thirds decline. Though a downturn in the construction cycle was expected, the actual declines were more severe.

On top of the downturn in construction came the news of plunging oil prices and revenues, which further devastated construction employment. The repercussions of falling oil revenues and declining construction employment began to affect the remaining industries in Fairbanks.

Trade, the largest and fastest growing industry in the private sector the past five years, was among the first industries to feel the repercussions of falling oil revenue and construction employment. Building supply stores were first, laying off workers as the declines in construction became evident. Additional employment declines in wholesale and retail trade followed. As income in the community began to decline and economic uncertainty became more pervasive, consumers purchased less.

While economic conditions have focused attention on local and state government budgets, the loss of employment in state and local government has thus far been small. Much of this has been accomplished through attrition and not filling vacant positions. Declines have been

small but the fact that any layoffs occurred in 1986 in local and state government is significant. During past economic downturns Fairbanks has relied on government for some stability. Apparently this will not be the case this time, which may indicate the severity of the present economic contraction.

The severity of the economic contraction is also reflected in Fairbanks' unemployment rate. Fairbanks' unemployment rate reached its highest level in seven years in 1986. Fairbanks' average unemployment rate for the first 11 months of 1986 was 14.5% compared to 12.5% in 1985. The number of unemployed reached record levels, never falling below the 4,200 level compared to a low of 2,950 in 1985.

While competition for jobs has been vigorous throughout the 1980s in Fairbanks, a declining labor market takes on different dimensions. In such a labor market a person is no longer assured of finding employment after an exhaustive job search. Seasonal workers can no longer be certain they will find employment the following season. More workers who desire full-time work can only find part-time employment, and an increasing number of workers are employed in jobs underutilizing their skills. In the worst case, some workers give up looking for employment and drop out of the labor force.

While a declining labor market is adding to Fairbanks' economic woes, the Fairbanks economy does have its bright spots. The service industry is one of the few industries which has not experienced declines in 1986. Its diversity has provided it with greater resilience than most of the remaining industries. Engineering services will suffer during an economic downturn but repair services and tourism may grow. Employment in this sector will eventually suffer declines if the economic contraction is prolonged.

In addition to services, the finance, insurance and real estate industry posted small gains in 1986. The finance side grew slightly and the real estate sector remained flat.

One industry completely insulated and unaffected by the economic decline in 1986 has been the federal government. Federal government grew by approximately 7% in 1986. Most of this growth came from the military civilian side of employment. The first troops from the new Light Infantry Division appeared at Fort Wainwright in 1986. They were small in number (300) but it was a sign that the Light Infantry Division was going to arrive.

Though it is impossible to measure, the fact that the military was expanding in Fairbanks meant the declines that did occur could have potentially been even larger. Some of Fairbanks' businesses may have contracted further than they did and others may have closed down

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/ 11/86	r/ 10/86	11/85	Changes From: 10/86	11/85
Nonag. Wage & Salary	27600	28850	29000	-1250	-1400
Mining	150	200	200	-50	-50
Construction	1900	2650	2650	-750	-750
Manufacturing	600	650	550	-50	50
Trans. Comm. & Utilities	2650	2800	2800	-150	-150
Trucking & Wrhsing.	400	450	450	-50	-50
Air Transportation	900	950	900	-50	0
Other Trans. Comm. & Utilities	1350	1400	1450	-50	-100
Trade	5850	5950	6200	-100	-350
Wholesale	900	900	1050	0	-150
Retail	4950	5050	5150	-100	-200
Gen. Mer. & Apparel	600	550	600	50	0
Food Stores	750	850	750	-100	0
Other Retail Trade	3600	3650	3800	-50	-200
Finance Ins. & R.E.	1050	1050	1050	0	0
Services & Misc.	5700	5750	5700	-50	0
Government	9700	9800	9850	-100	-150
Federal	2850	2950	2650	-100	200
State	4100	4100	4300	0	-200
Local	2750	2750	2900	0	-150

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	p/ 11/86	r/ 10/86	11/85	Changes From: 10/86	11/85
Nonag. Wage & Salary	31450	32900	32650	-1450	-1200
Mining	300	300	300	0	0
Construction	2000	2800	2750	-800	-750
Manufacturing	600	650	550	-50	50
Trans. Comm. & Utilities	2900	3150	3050	-250	-150
Trade	6300	6500	6550	-200	-250
Finance Ins. & R.E.	1100	1100	1100	0	0
Services & Misc.	6100	6150	6000	-50	100
Government	12150	12250	12350	-100	-200

if this event was not on the economic horizon. The stationing of the Light Infantry provides Fairbanks with a psychological edge most other communities in the state do not enjoy.

Gulf Coast

By Neal Fried

1986 Employment Trends

In 1986 the Gulf Coast region joined the rest of the state in a new era of economic decline. Despite the region losing employment, not all census areas in the region lost employment according to the first six months of actual data. The Kenai Peninsula Borough census area experienced significant employment declines after five straight years of growth. The Valdez-Cordova census area experienced declines in employment in 1986, continuing a long term trend. On the other hand, Kodiak Island Borough registered growth during 1986.

The Kenai Peninsula

The Kenai Peninsula's employment declines came because of a downturn in the construction cycle and falling oil prices. Half of the Peninsula's industries lost employment, adding up to an employment decline of 3% for 1986. The significance is that employment fell after five years of strong growth.

The construction industry was the biggest contributor to employment declines, falling by 37% over the year. The residential and commercial construction market became saturated and public construction peaked. The transportation industry, which provides a great deal of support to the construction industry, followed the construction industry in terms of employment lost during 1986.

Employment losses did not stop with the construction and transportation industries. Trade, the Peninsula's largest private industry, also suffered losses in 1986 after growing relentlessly during the past boom. With income falling and economic uncertainty prevailing, consumers bought less. Government employment also began falling in 1986—again the significance was not how far but the fact that a traditionally stable sector experienced losses. According to the data in Table 1, only local government employment has declined, however, according to more recent statistics, state government employment experienced losses during the second half of the year.

From Table 1 it is apparent that the mining industry (oil) began 1986 very strong. Marathon Oil's new gas platform project in Cook Inlet increased employment temporarily but oil industry employment quickly deteriorated as oil prices tumbled. Though statistics are not yet available for the last half of 1986, it is probable that oil employ-

Table 1
Kenai Peninsula Borough
Employment by Industry
1985-1986*

	1985*	1986*	Percent Change 1985-1986*
Total Employment	11478	11136	-3.0%
Mining	766	1001	30.7%
Construction	1215	762	-37.3%
Manufacturing	1019	1095	7.4%
Trans. Comm & Utilities	961	761	-20.8%
Trade	2357	2221	-5.8%
Wholesale	381	375	-1.7%
Retail	1976	1846	-6.6%
Finance Ins & R E	371	394	6.2%
Services & Misc	1787	1959	9.6%
Government	3004	2947	-1.9%
Federal	199	217	9.1%
State	825	825	0.1%
Local	1981	1905	-3.8%

*Based on the first 6 months of each year.
Source: Alaska Department of Labor, Research and Analysis Section, *Statistical Quarterly*

ment began declining during the latter half of the year. The sectors hardest hit were oil service companies operating both in the Cook Inlet fields and on the North Slope. One indicator pointing to employment losses is the oil rig count in Alaska which fell from 19 in 1985 to 7 in 1986. Though no exact number is available, large numbers of Peninsula residents who worked on the North Slope lost their jobs this past year.

Bright spots in Kenai's employment situation include the services and manufacturing industries. Services tend to be more resilient than most industries because it is broadly based. Another good tourism year helped bolster the service industry. On the other hand, services is not immune from the present downturn, and the longer the contraction lasts the more likely that services will join the other industries experiencing employment losses. Manufacturing was on the plus side in 1986 because of an exceptionally strong salmon season and the shellfish industry stabilizing.

The Peninsula's unemployment rate climbed dramatically in 1986. The number of unemployed for the first 11 months of 1986 was 3,029, or 35% higher than in 1985. The unemployment rate for the same time

period was 16.8%, 3.4 percentage points above 1985's level, establishing a record high for the Peninsula.

Kodiak Island Borough

After lagging the statewide growth pace for five straight years, Kodiak appears to be turning around. In the past five years employment in Kodiak only grew during two years, compared to the state's uninterrupted strong growth. Now employment statewide is declining and Kodiak's employment grew by 2.5%—one of the few places in the state which can claim growth.

Not all of Kodiak's industries are growing but a majority of them are, including all of its basic industries (Table 2). Manufacturing, mostly fish processing, has been the largest contributor to this growth. Though a recovery in the king crab fishery has not occurred, it no longer is declining. The beginnings of a bottomfish industry has boosted Kodiak's fish processing employment and a good salmon season also helped. Manufacturing in 1986 also got a small shot in the arm when a logging operation began harvesting lumber after many years of dormancy.

In addition to employment growth in Kodiak's basic industries, a number of Kodiak's secondary industries have also grown. Finance,insur-

Table 2
Kodiak Island Borough
Employment by Industry
1985-1986*

	1985*	1986*	Percent Change 1985-1986*
Total Employment	4469	4582	2.5%
Construction	285	229	-19.5%
Manufacturing	1114	1283	15.2%
Trans. Comm & Utilities	240	193	-19.4%
Trade	841	781	-7.1%
Finance-Ins. R.E.	106	110	4.3%
Services & Misc.	676	697	3.1%
Government	1210	1290	6.6%
Federal	242	246	1.4%
State	267	270	1.3%
Local	702	774	10.3%

*Based on the first 6 months of each year.
Source: Alaska Department of Labor, Research and Analysis Section, Statistical Quarterly.

ance, and real estate; and services both experienced employment growth. This is not surprising considering that Kodiak's basic industries appear in good health. Even government has increased employment. Federal and state government only inched ahead but local government grew significantly. This is largely a result of a new school opening.

Construction was the biggest employment loser and this may be a result of completion of the Near Island Bridge and the Terror Lake Dam. Residential construction grew in Kodiak in 1986. Kodiak was the only community in the state that issued more residential building permits in 1986 than in 1985. Trade also experienced some losses but they were probably recouped during the last half of the year when the new Safeway opened.

Valdez-Cordova

Valdez and Cordova's economies were recently discussed in detail in October and November's *Alaska Economic Trends* and will therefore be only briefly analyzed.

Table 3
Valdez-Cordova
Employment by Industry
1985-1986*

	1985*	1986*	Percent Change 1985-1986*
Total Employment	3377	3247	-3.8%
Construction	170	115	-32.4%
Manufacturing	317	311	-2.1%
Trans. Comm. & Utilities	559	507	-9.3%
Trade	447	397	-11.2%
Finance-Ins. & R.E.	82	82	0.0%
Services & Misc.	546	561	0.3%
Government	1258	1275	1.4%
Federal	73	113	55.2%
State	498	500	0.4%
Local	688	663	-3.6%

*Based on the first 6 months of each year
Source: Alaska Department of Labor, Research and Analysis Section, Statistical Quarterly

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	p/ 11/86	r/ 10/86	11/85	Changes From: 10/86	11/85
Nonag. Wage & Salary	19200	20350	20300	1150	1100
Mining	850	900	800	-50	50
Construction	1350	1800	2100	-450	-750
Manufacturing	2400	2800	2350	-400	50
Food & Kindred Prod.	1750	2150	1700	-400	50
All Other Mfg.	650	650	650	0	0
Trans. Comm. & Utilities	1650	1650	1800	0	-150
Trade	3550	3650	3850	-100	-300
Wholesale	450	450	500	0	-50
Retail	3100	3200	3350	-100	-250
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3250	3350	3150	-100	100
Government	5500	5550	5600	-50	-100
Federal	550	550	550	0	0
State	1500	1550	1600	-50	-100
Local	3450	3450	3450	0	0

Nineteen-eighty-six was another sluggish year for the Valdez-Cordova area. Employment fell by 3.8% and a majority of its industries lost employment (Table 3). In the Cordova area fish processing employment fell because of a smaller salmon catch and continued poor shellfish harvest. Falling oil revenues put a crimp on construction and local government while Alyeska Pipeline Service Company pared their staff in Valdez. Through the first half of 1986, finance,insurance and real estate; services; and state government still held onto marginal levels of growth. This growth disappeared during the second half of 1986 because of the additional downward pressures put on the economy during the latter half of the year.

Southeast Alaska

By John Boucher

Manufacturing Helps Southeast Weather Storm

Through the first half of the year, Southeast Alaska estimates have consistently indicated a stronger economy in Southeast Alaska than in most of the rest of Alaska. Recent availability of ES-202 data (actual counts of employees from unemployment insurance tax reports) supports the conclusion reached earlier from employer survey data. That is, through the first half of 1986 Southeast Alaska is weathering the current economic troubles somewhat better than the rest of the state.

In terms of employment Southeast Alaska's manufacturing industry, in particular the lumber and paper products and seafood processing sectors, has kept the region from dipping significantly below 1985 employment levels. In June of this year manufacturing employment showed growth of almost 20% compared to the same month the previous year.

The 20% growth in manufacturing employment was needed to offset the employment losses in construction. Original estimates had placed the loss of construction employment in the 12% to 18% range over-the-year, but the downturn in construction turned out to be much greater. Actual data placed the over-the-year losses in construction employment down 35% from June 1985.

The actual data also indicates a stronger transportation industry than was originally anticipated, particularly in the air transportation and other transportation sectors. While gains were expected to be realized in these two industries because of Alaska's growing tourist trade, the gains were even larger than employer survey data indicated.

Table 1
Southeast Alaska & Statewide Employment
Year to Year Change

	Statewide	% Change	Southeast	% Change
January	-640	-0.3%	187	0.7%
February	-140	-0.0%	270	1.0%
March	-2960	-1.3%	-40	-0.1%
April	-6688	-3.0%	-629	-2.1%
May	-6734	-2.9%	-58	0.1%
June	-9715	-4.1%	615	1.9%

Not all industries, however, benefitted from the growing tourist trade as much as the transportation industry. The services industry, which was projected to grow over the last year, was at 1985 employment levels because of a drop in employment in the hotel and motel sector of the industry. In June of 1986 hotel and motel employment was off almost 25% from the previous year.

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

				Changes From:	
	p/ 11/86	r/ 10/86	11/85	10/86	11/85
Nonag. Wage & Salary	27600	28800	28150	-1200	-550
Construction	1150	1300	1550	-150	-400
Manufacturing	3050	3700	2400	-650	650
Food & Kindred Prod.	550	850	450	-300	100
Lumber & Paper Prod.	2300	2600	1750	-300	550
All Other Mfg.	200	250	200	-50	0
Trans. Comm. & Utilities	1900	2000	1800	-100	100
Trade	4400	4400	4450	0	-50
Wholesale	350	350	350	0	0
Retail	4050	4050	4100	0	-50
Finance-Ins. & R.E.	1100	1100	1150	0	-50
Mining, Services & Misc.	4350	4550	4350	-200	0
Government	11650	11750	12450	-100	-800
Federal	2100	2100	2100	0	0
State	5000	5150	5500	-150	-500
Local	4550	4500	4850	50	-300

Current Trends

Southeast Alaska wage and salary employment decreased by 1,200 jobs in November as some of the seasonal industries which have carried the region through the summer began to gear down. Manufacturing employment remains at a much higher level of employment than in 1985 while construction and government employment are posting significant over-the-year losses.

Unemployment in the region remained near October's level, increasing by one-tenth of a percentage point to 10.8 percent. The Prince of Wales-Outer Ketchikan census area had the highest unemployment in the region at 15.0 percent unemployed, followed by Skagway-Yakutat-Angoon at 13.2 percent. Lowest unemployment rates in the region were posted in Sitka (8.4 percent), and Juneau (9.6 percent).

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 11/86	R/ 10/86	11/85	P/ 11/86	R/ 10/86	11/85	P/ 11/86	R/ 10/86	11/85
Mining	1221.99	1113.51	1240.28	52.9	48.1	50.5	23.10	23.15	24.56
Construction	899.92	1049.46	913.07	38.1	42.3	38.3	23.62	24.81	23.84
Manufacturing	484.61	507.85	473.00	36.3	39.8	34.3	13.35	12.76	13.79
Food & Kindred Prod	216.72	247.59	221.37	28.0	33.1	23.5	7.74	7.48	9.42
Lumber & Paper Prod	677.47	743.71	615.09	44.6	48.8	41.9	15.19	15.24	14.68
Trans., Comm. & Utilities	548.98	569.40	594.00	34.9	36.9	37.5	15.73	15.16	15.84
Trade	361.57	364.76	379.82	32.9	33.1	32.8	10.99	11.02	11.58
Wholesale	510.22	500.08	523.78	38.8	38.0	36.5	13.15	13.16	14.35
Retail	313.10	320.36	331.17	31.0	31.5	31.6	10.10	10.17	10.48
Finance,Ins. & R.E.	420.99	401.48	412.25	35.2	34.7	33.3	11.96	11.57	12.38

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Benchmark 1985